



DRID # 53

Reconciliation of Contracts

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Director, MOCAS Transition Assistance Center

Genesis of DRID #53 . . .

Eliminate Unmatched Disbursements and Negative Unliquidated Obligations and **“Single Point of Data Entry”**

Move ahead with systems and technologies already on-hand **MRM #2, Moving to a Paper-free Contracting Process by January 1, 2000**

Reengineer Contract Closeout and DD 250 Material Inspection and Receiving Report policies and procedures **DRIDs #32 and #33**

DCMC and DFAS co-chair an “end-to-end” procurement process review **DRID #47, End-to-End Procurement Process**

Integrate and coordinate the reconciliation closeout and conversion of contracts to prepare for the retirement of MOCAS **DRID #53, Reconciliation of Contracts in MOCAS, March 23, 2000**

Getting ready for the future shared data environment !

DCMA **DRID #53 Requirements**

Defense Contract Management Agency

**Integrate
d
Effort**

➤ **Military Departments and DCMA to develop comprehensive plans to close and/or convert all contracts**

□ **DFAS to reengineer reconciliation process**

□ **Establish DOD-wide IPT**

□ **Focus on most difficult contracts first (over \$100M) ... move quickly to all others**

□ **In-progress review held every 12 weeks with Deputy SECDEF**

MOCAS Volume as of May 1, 2000

	Army	Navy	Air Force	DLA	Other
Total FFP	25,003		36,486	21,350	99,016
2,117	183,972				
Cost	11,576		52,366	12,366	1,353
4,184	81,845				
T&M/LH	8,445	19,384	9,301	681	908
38,719					
Other	367		801	360	434
34	1,996				
Basics	2,862	6,637	4,001	5,181	648
19,019					
Total	48,253	115,364	47,878	106,665	7,891
325,551					

**Attention
to
"Old Dogs"**

Contracts overage since...

FY79	3	FY85	9	FY 90	93	FY95
700						
FY81	1	FY86	16	FY91	103	FY96
1,457						
FY82	3	FY87	23	FY92	258	FY97
3,256						
FY83	1	FY88	34	FY93	318	FY98
7,552						
FY84	5	FY89	33	FY94	478	FY99
12,068						

DRID #53

Strategic Implementation Plan

➤ **Integrated Effort**

□ **Services, DFAS, DCMA, DCAA, others as needed**

□ **Two-Tier Operating Structure**

□ **Defined Roles and Responsibilities for Key Partners**

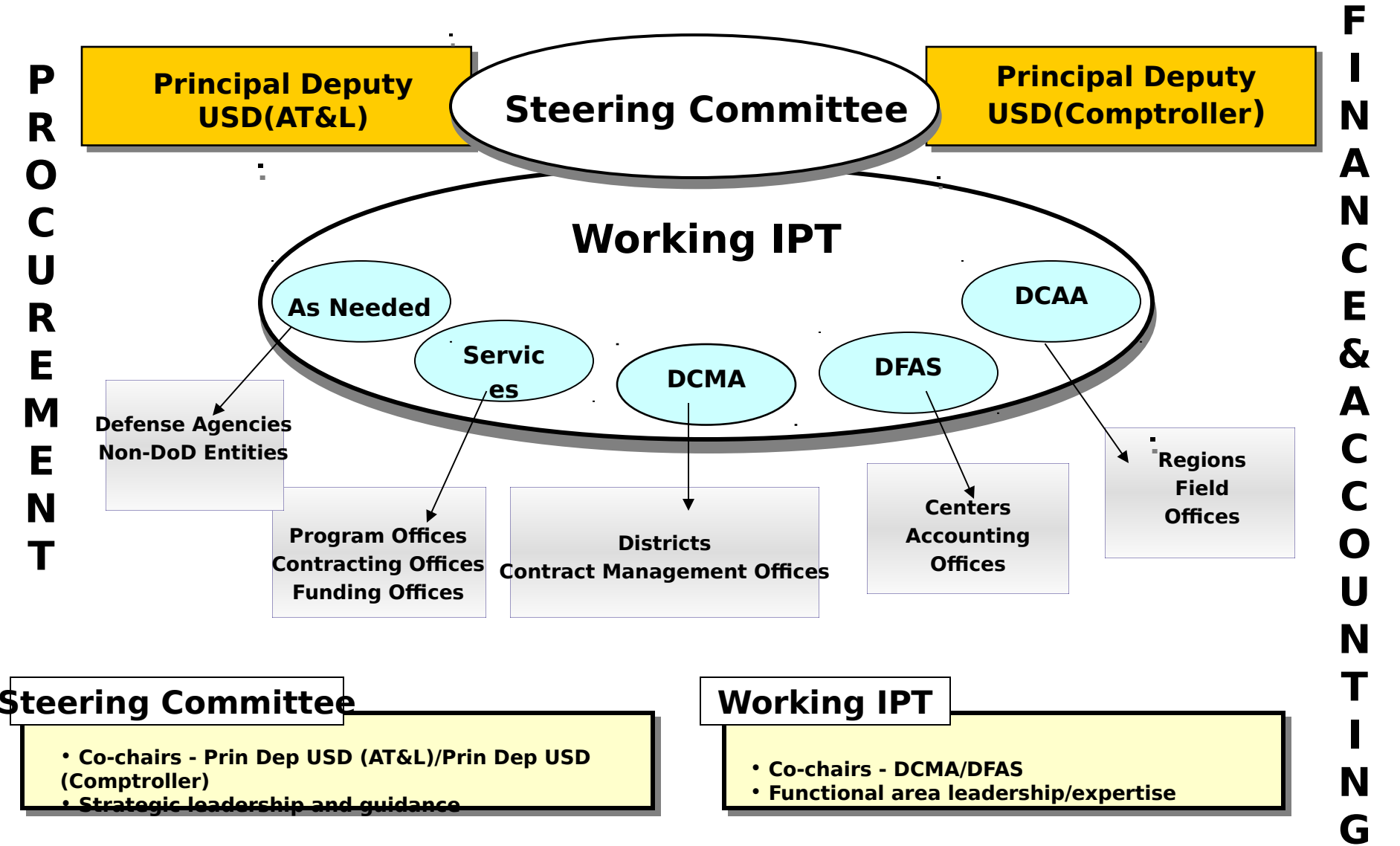
□ **Expedite Policy/Process Changes**

□ **Measure Implementation Success**

Making it Happen!



DRID # 53 Operating Structure



PROCUREMENT

FINANCE & ACCOUNTING

Principal Deputy
USD(AT&L)

Principal Deputy
USD(Comptroller)

Steering Committee

Working IPT

As Needed

Services

DCMA

DFAS

DCAA

Defense Agencies
Non-DoD Entities

Program Offices
Contracting Offices
Funding Offices

Districts
Contract Management Offices

Centers
Accounting
Offices

Regions
Field
Offices

Steering Committee

- Co-chairs - Prin Dep USD (AT&L)/Prin Dep USD (Comptroller)
- Strategic leadership and guidance

Working IPT

- Co-chairs - DCMA/DFAS
- Functional area leadership/expertise

DRID # 53

Partner Roles and Responsibilities

Steering Committee	<ul style="list-style-type: none"> • Strategic leadership and guidance 	<ul style="list-style-type: none"> • Issue DRID implementing guidance, as needed • Approve action plans • Establish overarching performance/progress measures • Grant authority and/or waivers • Address legislative issues, seek relief or limited exemptions, where appropriate • Sanction prudent risk taking approaches/solutions
Working IPT	<ul style="list-style-type: none"> • Functional area leadership and expertise 	<ul style="list-style-type: none"> • Review action plans • Report on performance/progress measures • Seek guidance and flexibility on “use” of funds (fiscal law/color of money/replacement fund) issues • Share streamlined business practices • Recommend expedited approaches/solutions

Defined Responsibilities...Integrated Effort

DRID # 53

Partner Roles and Responsibilities

<p>Military Services</p> <p>Others Defense Agencies Non-DoD Entities</p>	<ul style="list-style-type: none"> • Contract Funds • Program Management/ Contract Owner • Reconciliation 	<ul style="list-style-type: none"> • Prepare action plans • Implement approved action plans • Utilize new business rules for end-to-end procurement process • Provide required program/contract funds <ul style="list-style-type: none"> • Accelerate replacement funds for cancelled appropriations • Prioritize contracts to reconcile/conform or close • Lead reconciliation • Identify Responsible Contract Reconciliation Agent (RCRA)
<p>DFAS</p>	<ul style="list-style-type: none"> • Reconciliation • DCD/DCW/ DPPS 	<ul style="list-style-type: none"> • Support reconciliation/reengineering process <ul style="list-style-type: none"> • Assist OSD(C) in publication of reconciliation guidelines • Build decision tree to define reconciliation paths • Establish reconciliation completion timeline for each contract • Provide tool for contract registration (SCRT) • MOCAS data integrity (shared) • Provide payment and accounting data • Communicate reconciliation status to DCMA/Services • Define new business rules for DCD/DPPS • Define conversion criteria for contracts being transferred • Communicate status of DCD/DCW/DPPS

Defined Responsibilities...Integrated Effort

DRID # 53

Partner Roles and Responsibilities

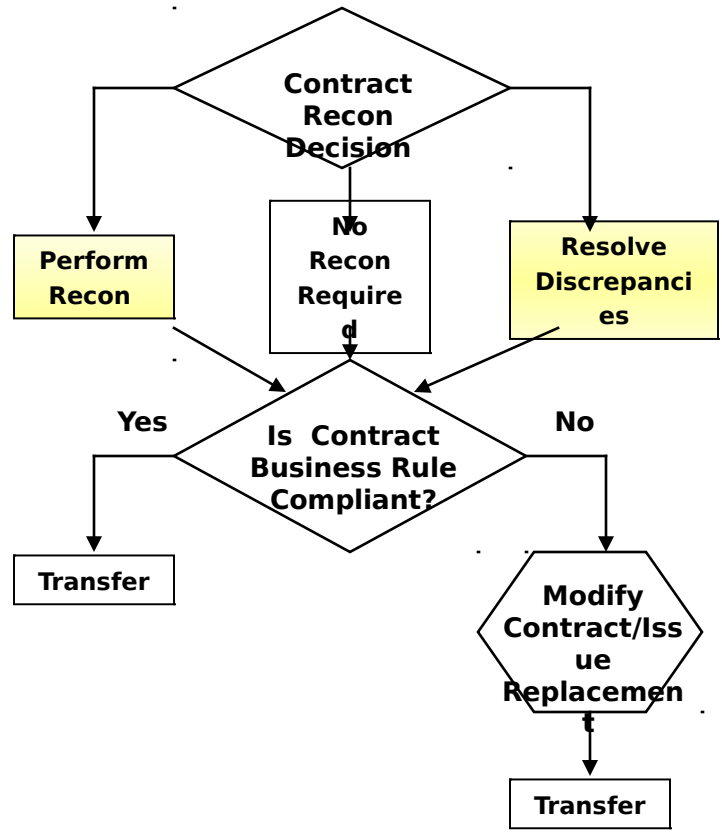
DCMA	<ul style="list-style-type: none"> • Contract Management 	<ul style="list-style-type: none"> • Expedite administrative closeout process • Provide status of contracts and reason still open • Recommend best closeout approaches (individual contracts) • Focal point for MOCAS data web site • Report status of overarching performance/progress measures • Support Service contract conforming actions • Support contract reconciliation • MOCAS data integrity (shared)
DCAA	<ul style="list-style-type: none"> • Final Audits 	<ul style="list-style-type: none"> • Expedite final rate audits • Assist in obtaining contractor rate/final voucher submissions • Assist with closeout settlement issues • Expedite final contract close-out audits • Assist contract reconciliation

...plus Industry support

Defined Responsibilities...Integrated Effort

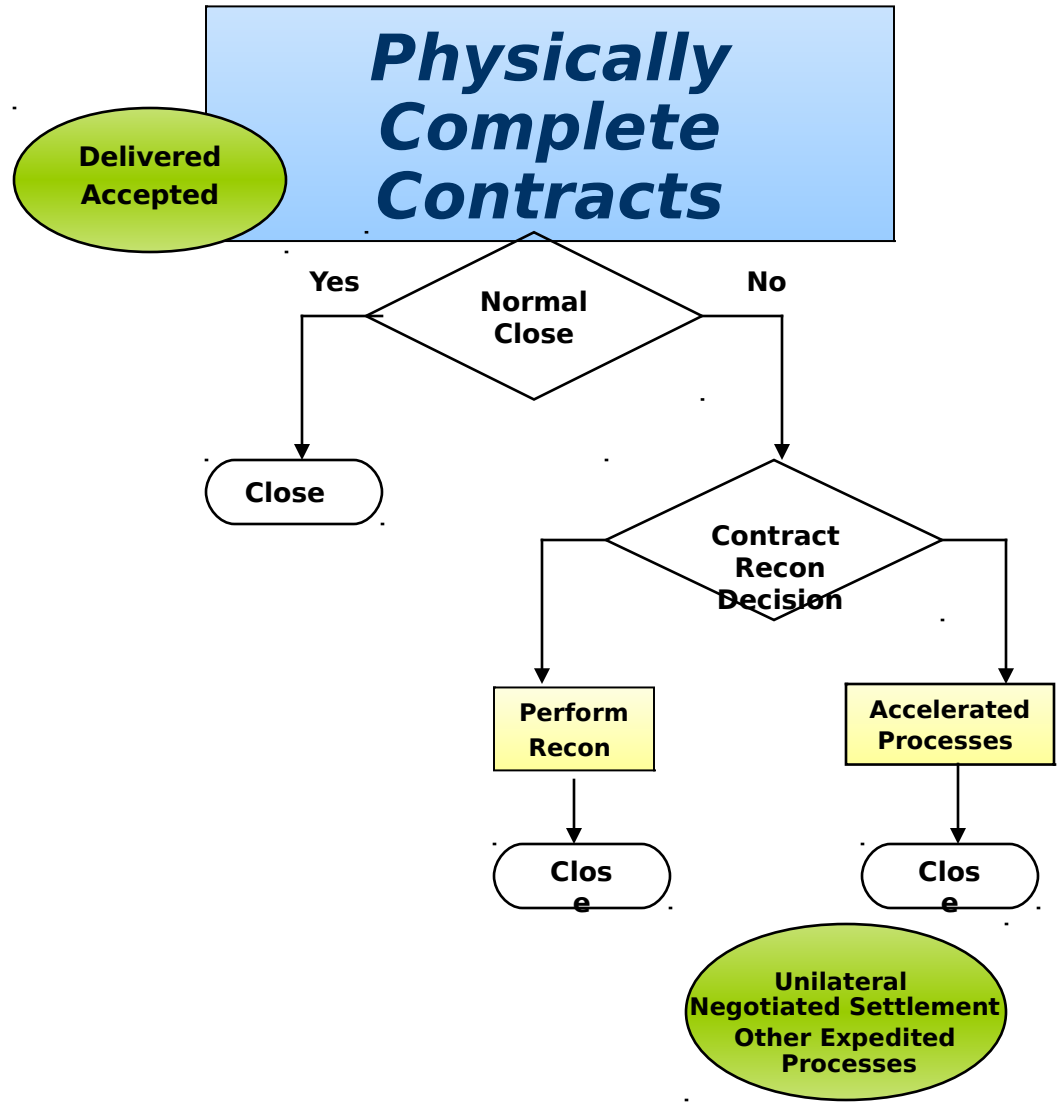
Contract Decision Process

Active Contracts

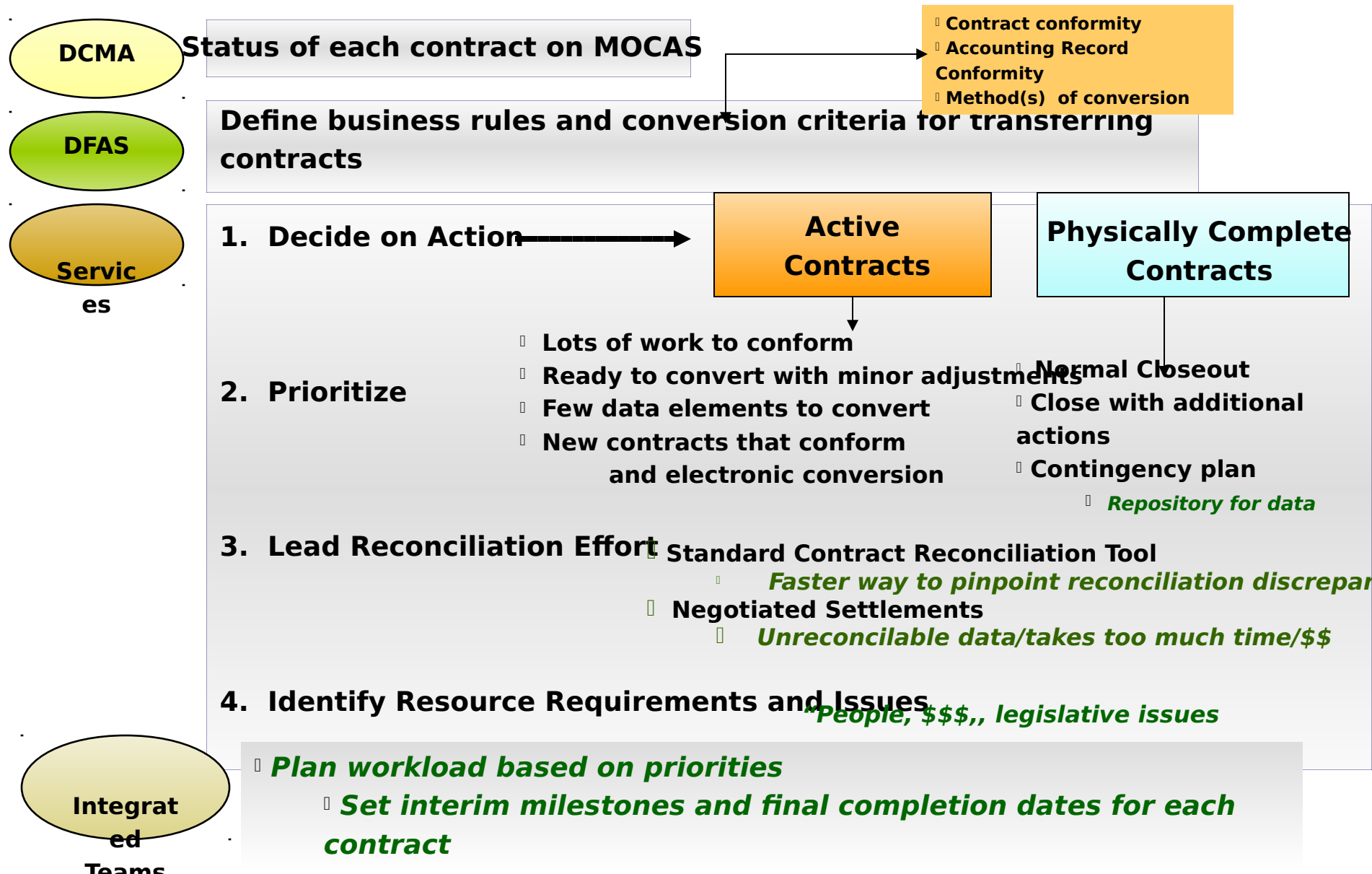


Key: Need flexible, timesaving solutions

Physically Complete Contracts



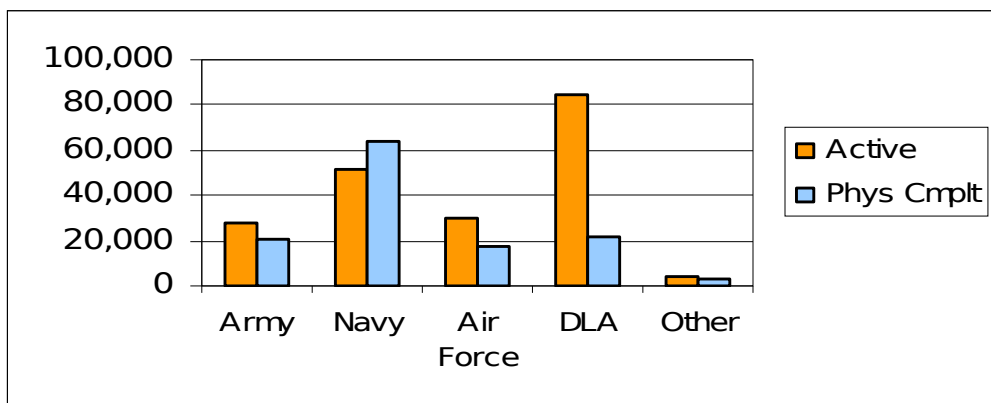
Contract Assessment Strategy



A Look at the Numbers

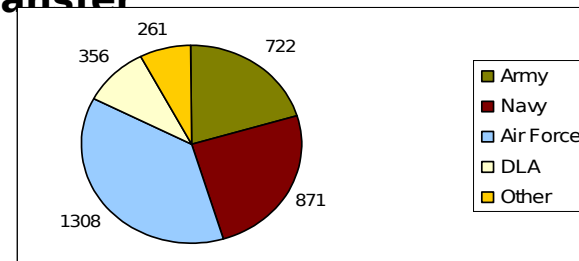
As of May 1, 2000

	Army	Navy	Air Force	DLA	Other	TOTAL
FFP	25,003	36,486	21,350	99,016	2,117	183,972
Cost	11,576	52,366	12,366	1,353	4,184	81,845
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Other	367	801	360	434	34	1,996
Basics	2,862	6,327	4,001	5,181	648	19,019
TOTAL	48,253	115,364	47,378	106,665	7,891	325,551



	Army	Navy	Air Force	DLA	Other	TOTAL
Active	27,966	51,323	29,613	84,558	4,405	197,865
Phys Cmplt	20,287	64,041	17,765	22,107	3,486	127,686
TOTAL	48,253	115,364	47,378	106,665	7,891	325,551

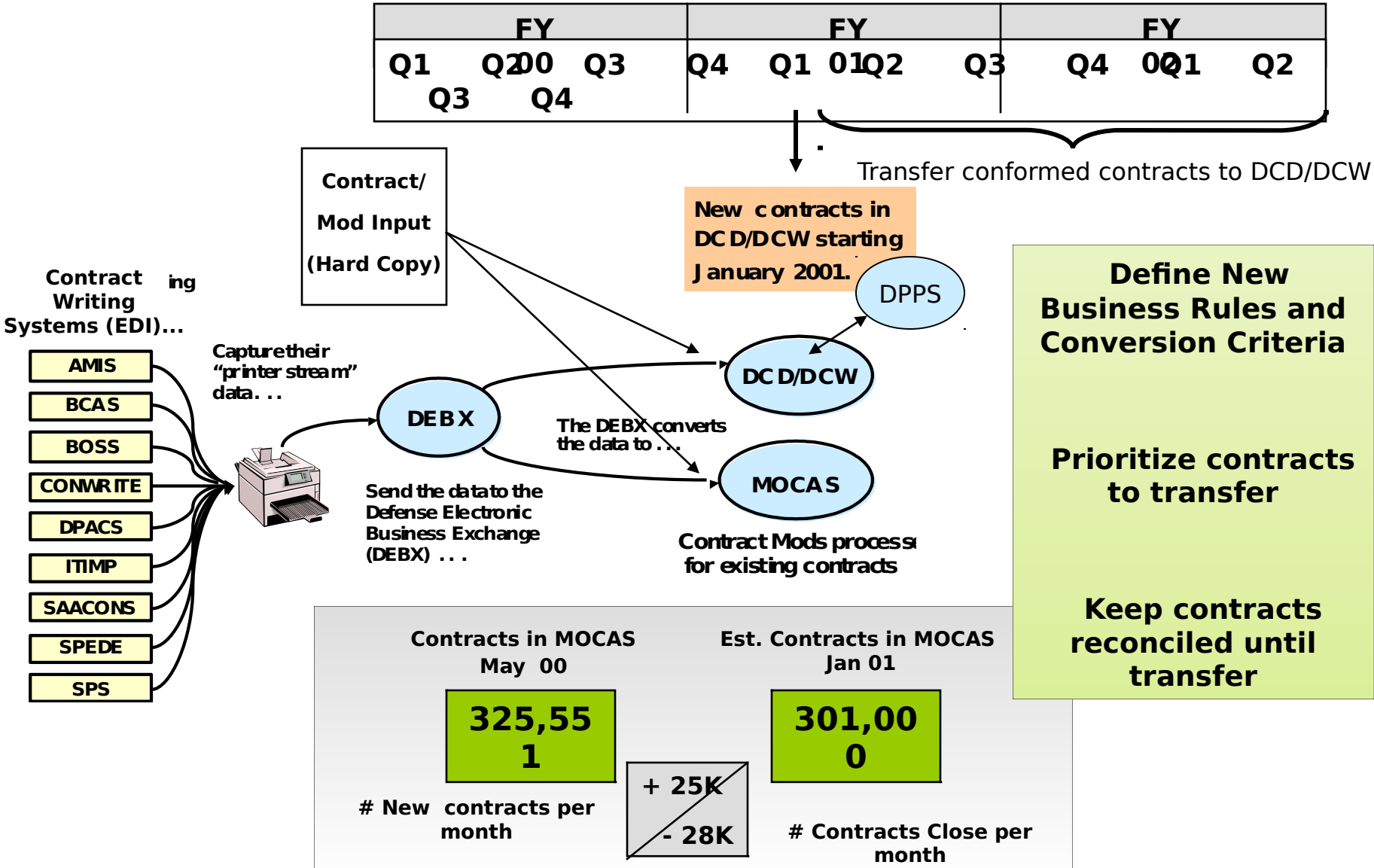
Est. 3,518 Active Contracts will transfer



Of the 3,518 Active Contracts transf

- **508 Over 5 years old**
- **120 Over \$100M**

New and Active Contracts



A Look at the Numbers

**As of May 1,
2000**

	Army	Navy	Air Force	DLA	Other	TOTAL
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**Physically Complete
Contracts**

127,686

TODAY

145,228

FDDs in FY00

36,633

**FDDs in
FY01**

4829

FDDs in FY02

7657

Blank FDDs

► **Estimate 83% will close by Oct 02**

▮ **Estimate 17% (53,347) will not likely close by Oct 02**

A Look at the Numbers....by \$\$

	TOTAL	Oblig >100M	Oblig 10-100M	Oblig 1-10M	Oblig <1M
Army	27,966	216	944	3,315	23,491
Navy	51,323	296	1,276	4,798	44,953
Air Force	29,613	381	1,166	4,982	23,084
DLA	84,558	1	91	972	83,494
Other	4,405	22	128	377	3,878
Active Total	197,865	916	3,605	14,444	178,900

Active Contracts

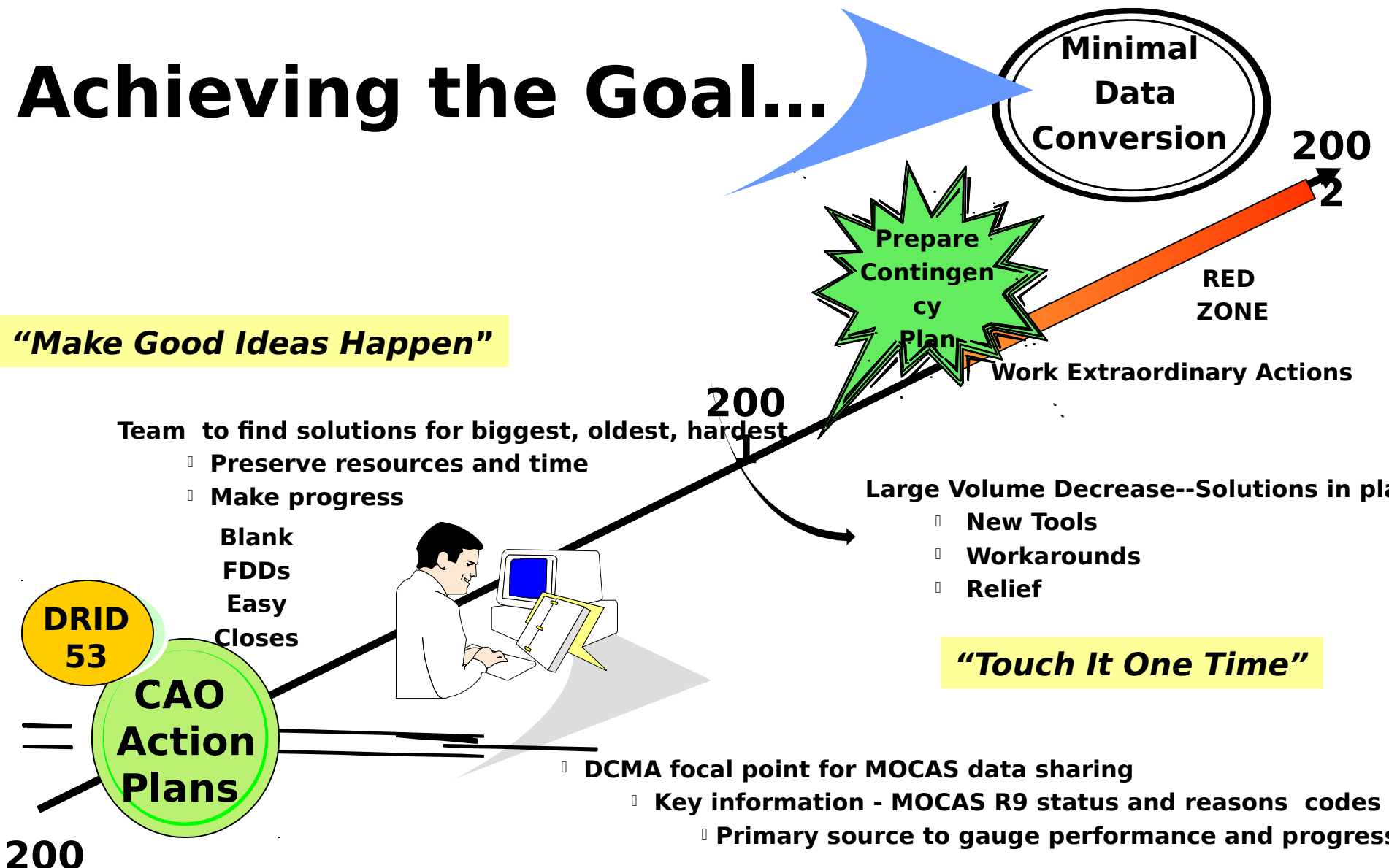
	TOTAL	Oblig >100M	Oblig 10-100M	Oblig 1-10M	Oblig <1M
Army	20,287	146	690	2,758	16,693
Navy	64,041	191	1,174	4,455	58,221
Air Force	17,765	239	787	3,059	13,680
DLA	22,107	1	96	546	21,464
Other	3,486	14	134	569	2,769
PC Total	127,686	591	2,881	11,387	112,827

**Physically
Complete
Contracts**

	TOTAL	Oblig >100M	Oblig 10-100M	Oblig 1-10M	Oblig <1M
Physically Complete	127,686	591	2,881	11,387	112,827
FDD in FY00	145,228	393	1,789	8,530	134,516
FDD in FY01	36,633	156	802	3,436	32,239
FDD in FY02	4,829	92	297	877	3,563
FDD after 1 Oct 02	3,518	120	262	545	2,591
Blank FDD	7,657	155	455	1,056	5,991
Total	325,551	1,507	6,486	25,831	291,727

**Contracts
By
Final Delivery
Date**

Achieving the Goal...



DRID #53 Critical Next Steps

➤ Services Prepare Action Plans with...

***Team
with
Services***

➤ Milestones

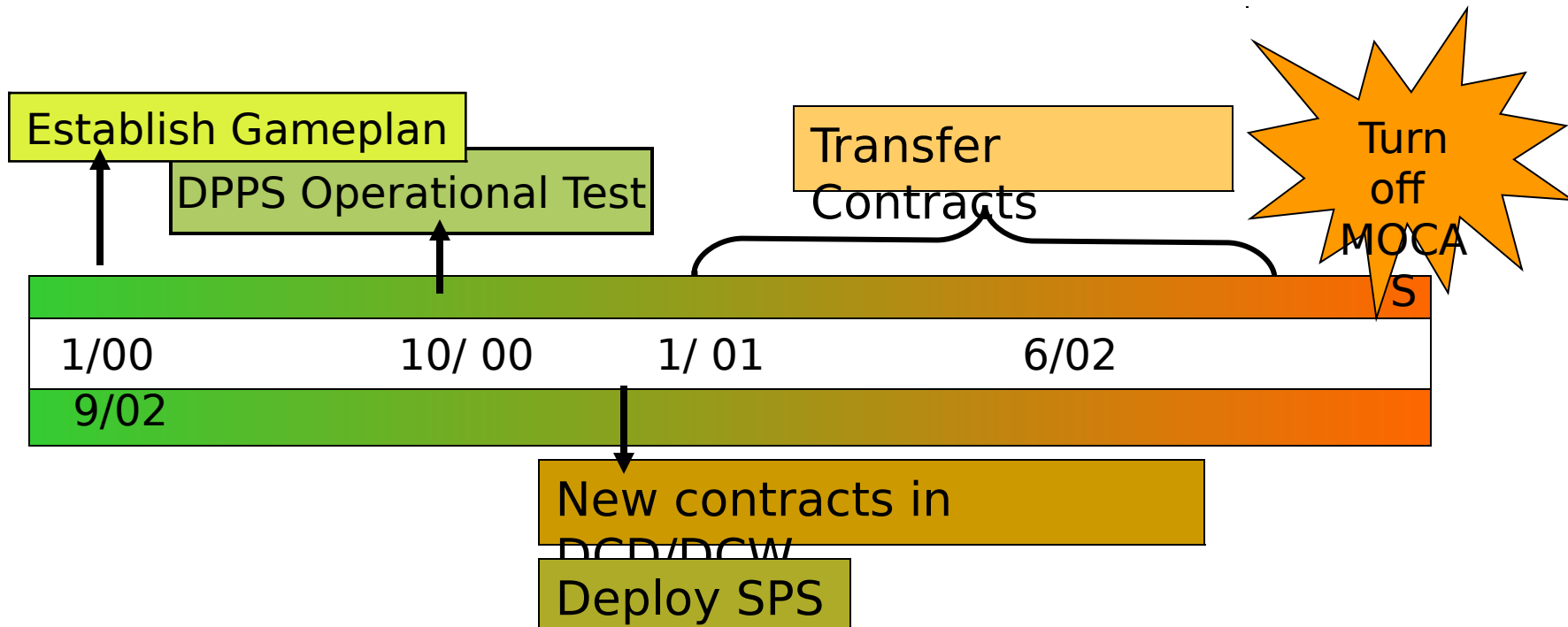
- ▮ Priority of contracts to reconcile/conform or close***
- ▮ Performance/progress measures***
- ▮ Resource requirements***

▮ Working Group

***Let us
know where
you need
relief***

- ▮ Seek relief or limited exemptions to current policy/regulatory guidance***
- ▮ Review action plans***
- ▮ Share streamlined best practices***

MOCAS Transition Timeline



All contracts must go by October 1, 2002!

- Active or Physically Complete

*All contracts require
"CLEAN-UP"*

Before MOCAS shuts down...

- 600,000 contracts must close
- 30,000 contract will transfer